

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

2011 MAR -1 A 11: 54

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

AZ CORP COMMISSION
DOCKET CONTROL

In the matter of:

DOCKET NO. S-20788A-11-0096

MAGLEV WIND TURBINE
TECHNOLOGIES, INC., a Nevada
corporation,

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
ORDER FOR OTHER AFFIRMATIVE
ACTION**

MAGLEV RENEWABLE ENERGY
RESOURCES, INC., a Wyoming
corporation,

RENEWABLE ENERGY DEVELOPMENT,
INC., an Arizona corporation,

RENEWABLE ENERGY SYSTEMS, INC.,
an Arizona corporation,

EDWARD L. MAZUR and JANE DOE
MAZUR, husband and wife,

RONNIE WILLIAMS and JANE DOE
WILLIAMS, husband and wife,

MAG T INC., a Florida corporation,

RLGMAN CORP., a Florida corporation,

STABLE, LLC, an inactive Florida limited
liability company,

RICHARD L. GREEN, respondent,

DONALD ANDREW ROTHMAN,
respondent,

Respondents.

Arizona Corporation Commission

DOCKETED

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NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents MAGLEV WIND TURBINE TECHNOLOGIES, INC., MAGLEV RENEWABLE ENERGY RESOURCES, INC., RENEWABLE ENERGY DEVELOPMENT, INC., RENEWABLE ENERGY SYSTEMS, INC., EDWARD L. MAZUR, RONNIE WILLIAMS, MAG T INC., RLGMAN CORP., STABLE, LLC, RICHARD L. GREEN, and DONALD ANDREW ROTHMAN have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I. JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II. RESPONDENTS

2. MAGLEV WIND TURBINE TECHNOLOGIES, INC., MAGLEV RENEWABLE ENERGY RESOURCES, INC., RENEWABLE ENERGY DEVELOPMENT, INC., RENEWABLE ENERGY SYSTEMS, INC., EDWARD L. MAZUR, RONNIE WILLIAMS, MAG T INC., RLGMAN CORP., STABLE, LLC, RICHARD L. GREEN, and DONALD ANDREW ROTHMAN may be referred to collectively as "Respondents."

3. MAGLEV WIND TURBINE TECHNOLOGIES, INC. ("MWTT") was formed in Nevada on May 17, 2007. Corporation documents filed with the Nevada Secretary of State identify EDWARD L. MAZUR as director and treasurer and RONNIE WILLIAMS as president, director and secretary. On September 12, 2007, MWTT filed with the Commission an Application for Authority to Transact Business in Arizona identifying EDWARD L. MAZUR as chief executive officer and director and RONNIE WILLIAMS as president and director. MWTT has been offering, selling and/or issuing interests identified as joint venture interests as discussed below within and from Arizona. MWTT has not been registered with the Commission as a securities dealer.

1 4. MAGLEV RENEWABLE ENERGY RESOURCES, INC. ("MRER") was formed in
2 Wyoming on July 31, 2007. Corporation documents filed with the Wyoming Secretary of State
3 identify both EDWARD L. MAZUR and RONNIE WILLIAMS as directors. On September 21, 2007,
4 MRER filed with the Commission an Application for Authority to Transact Business in Arizona
5 identifying EDWARD L. MAZUR as chairman and director and RONNIE WILLIAMS as president
6 and director. MRER has been offering, selling and/or issuing interests identified as joint venture
7 interests as discussed below within and from Arizona. MRER has not been registered with the
8 Commission as a securities dealer.

9 5. RENEWABLE ENERGY DEVELOPMENT, INC. ("RED") was formed in Arizona
10 on May 13, 2008. Corporation documents filed with the Commission identify EDWARD L. MAZUR
11 as chairman and director and RONNIE WILLIAMS as president and director. RED has been offering,
12 selling and/or issuing interests identified as joint venture interests as discussed below within and from
13 Arizona. RED has not been registered with the Commission as a securities dealer.

14 6. RENEWABLE ENERGY SYSTEMS, INC. ("RES") was formed in Arizona on May
15 13, 2008. Corporation documents filed with the Commission identify EDWARD L. MAZUR as
16 chairman and director and RONNIE WILLIAMS as president and director. RES has been offering,
17 selling and/or issuing interests identified as joint venture interests as discussed below within and from
18 Arizona. RES has not been registered with the Commission as a securities dealer.

19 7. MWTT, MRER, RED and RES all maintain their principal place of business at 2160 E.
20 Fry Blvd., #283, Sierra Vista, Arizona.

21 8. At all times relevant, EDWARD L. MAZUR ("MAZUR") has been a resident of
22 Arizona. MAZUR has not been registered with the Commission as a securities dealer or securities
23 salesman.

24 9. At all times relevant, RONNIE WILLIAMS ("WILLIAMS") has been a resident of
25 Arizona. WILLIAMS has not been registered with the Commission as a securities dealer or securities
26 salesman.

1 10. MAG T INC. ("MAG T") was formed in Florida on or about October 4, 2007.
2 Corporation documents filed with the Florida Department of State, Division of Corporations, identify
3 DONALD ANDREW ROTHMAN as president. MAG T has been offering, selling and/or issuing
4 interests identified as joint venture interests as discussed below within and from Arizona. MAG T has
5 not been registered with the Commission as a securities dealer.

6 11. RLGMAN CORP. ("RLGMAN") was formed in Florida on or about March 3, 2006.
7 Corporation documents filed with the Florida Department of State, Division of Corporations, identify
8 RICHARD L. GREEN as president. RLGMAN has been offering, selling and/or issuing interests
9 identified as joint venture interests as discussed below within and from Arizona. RLGMAN has not
10 been registered with the Commission as a securities dealer.

11 12. MAG T and RLGMAN maintain their principal place at 50 SE 2nd Ave., Boca Raton,
12 Florida.

13 13. STABLE, LLC ("STABLE") was formed in Florida on or about July 10, 2006.
14 Documents filed with the Florida Department of State, Division of Corporations, identify RLGMAN
15 as a managing member. STABLE was administratively dissolved on September 14, 2007. STABLE
16 maintains its principal place of business at 2300 West Sample Road, Suite 202, Pompano Beach,
17 Florida. STABLE has been offering, selling and/or issuing interests identified as joint venture
18 interests as discussed below within and from Arizona. STABLE has not been registered with the
19 Commission as a securities dealer.

20 14. At all times relevant, RICHARD L. GREEN ("GREEN") has been a resident of
21 Florida. GREEN has not been registered with the Commission as a securities dealer or securities
22 salesman.

23 15. At all times relevant, DONALD ANDREW ROTHMAN ("ROTHMAN") has been a
24 resident of Florida. ROTHMAN has not been registered with the Commission as a securities dealer or
25 securities salesman.
26

1 believe that the interests constitute securities. Notwithstanding this assertion, investors were
2 provided with the PPMs in connection with their investments.

3 22. The PPMs also set forth that the sale of the interests are restricted to accredited
4 investors only. The term "accredited investor" is a term defined by various securities laws and
5 would have no application in the context of the sale of an investment alleged not to be a security.

6 23. Nevertheless, a significant number of investors were not accredited and Respondents
7 did not conduct a nonpublic offering or limit the offering to a small number of private investors.
8 Instead, investors with whom Respondents did not have a preexisting relationship were solicited via
9 telephone by sales agents.

10 24. The offering materials describe three distinct joint ventures identified as the Arizona
11 Maglev Wind Turbine Joint Venture 1 ("AMWTJV1"), dated June 15, 2007; the Maglev
12 Renewable Energy Resources Joint Venture ("MRERJV"), dated January 2, 2008; and the
13 Renewable Energy Development Joint Venture ("REDJV"), dated February 16, 2009.

14 25. The offering materials identify the managing joint venturer of AMWTJV1 and
15 REDJV as MWTT and identify MRER as the managing joint venturer for MRERJV. MWTT and
16 MRER are described as entities formed for the principal purpose of acquiring, exploring and
17 producing wind energy.

18 26. The offering materials describe the primary purpose of the joint ventures to be the
19 acquisition of interests in wind energy properties including the development of a vertical axis wind
20 turbine utilizing magnetic levitation technology, or "maglev."

21 27. With regard to the acquisition of interests in wind energy projects, the offering
22 materials represent that MWTT "is currently evaluating one hundred (100) prime wind energy
23 leases comprising approximately 10,000 acres in Arizona, California, Nevada and New Mexico."

24 28. With regard to the development of a vertical axis wind turbine, the offering
25 materials explain to investors the details related to the development, patent and production of a
26 wind turbine known as the "Maglev Regenedyne™ Turbine."

1 29. According to the offering materials, each joint venture, through a proposed
2 development agreement, would have the right to participate in the development of wind energy
3 projects and the sale of wind turbines utilizing the maglev technology.

4 30. Some of the offering materials supplied to investors include a detailed analysis of
5 the market for wind power and the development of wind turbine technology.

6 31. Promotional materials supplied to investors by Respondents in connection with the
7 anticipated production of wind turbines include projections that the sale of a 1 gigawatt maglev
8 wind turbine would produce a net profit of about \$2 billion. Further, of the net profit projected,
9 \$200,000,000 would be allocated to the joint venture(s) for pro rata distribution to each unit
10 purchased, resulting in each unit owner receiving a check for \$1,000,000. According to the
11 promotional materials, projected revenue for 2010 and 2011 was \$12,000,000,000.

12 32. The offering materials describe the purpose of the investment and set forth how
13 investors' funds are to be used including, but not limited to, expenses for engineering, site
14 preparation, related fees and commissions, legal fees, equipment, payroll taxes and accounting.

15 33. Investors were informed that they would receive 99 percent of all revenues, if any.
16 Further, investors were also promised that they would receive a 20 percent annual disbursement
17 paid quarterly.

18 34. Promotional materials forwarded to investors after their initial investment continue
19 to promote the design, development and production of wind turbines and suggest to investors that
20 the "assets and business interests" of at least one of the joint ventures may be converted into stock
21 of a publicly traded company.

22 35. Promotional materials in the form of "Partner Updates" further represent to investors
23 that there have been over 2,000 indications of interest in the wind turbines coming from various
24 countries including India, Africa, South America, Europe and the United States. Further, at least
25 one of the partner updates represents to investors that MWTT has "received commitments for over
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1 200 total Megawatts of our mobile units” and that MWTT has “received verbal commitments for
2 our first Gigawatt Turbine.”

3 36. Upon information and belief, no wind turbines have been sold to date.

4 37. Respondents provided investors with bank account information to allow them to
5 wire transfer their investment funds to Arizona-based bank accounts in the name of MWTT,
6 MRER, RED and RES.

7 38. From bank accounts in the name of MWTT or MRER, Respondents MAZUR and
8 WILLIAMS paid \$1,815,069 of the amount received from investors to other investors in the form
9 of interest payments.

10 39. Respondents MWTT, MRER, MAZUR and WILLIAMS failed to inform investors
11 that \$1,815,069 of the amount received from investors would be used to make interest payments to
12 investors.

13 40. MAZUR and WILLIAMS are identified as authorized signors on the bank accounts
14 for MWTT, MRER, RED and RES.

15 41. To date, no investor has received all of their promised returns or a return of their
16 principal investment amount.

17 **B. JOINT VENTURE MANAGEMENT**

18 42. The offering materials provided to investors purport to grant “extensive and
19 significant management powers” to investors including, but not limited to, the ability to replace the
20 managing joint venturer. However, pursuant to the terms and conditions set forth in the offering
21 materials, investors are required to acknowledge before investing that they agree to the delegation
22 of management of the day-to-day “Operations” to the managing joint venturer, MWTT or MRER.
23 “Operations” is broadly defined within the respective joint venture agreements to include “any
24 Joint Venture activity related to acquiring the Prospect properties or conducting any activity
25 incident to the foregoing as may be deemed necessary by the Venturers [inclusive of investors and
26 managing venturers] in furtherance of the Joint Venture purpose.”

1 43. Although the offering materials allegedly confer “extensive and significant
2 management powers” to the investors and explicitly confer upon investors the right to select or
3 replace the managing joint venturer, investors were not provided with any information related to
4 the identity or contact information of other investors to allow them to come together and exercise
5 any of those powers.

6 44. Respondents MAZUR, WILLIAMS, MWTT, MRER, RED and RES did not provide
7 investors with the opportunity to exercise any meaningful venture powers. Instead, MAZUR and
8 WILLIAMS unilaterally made all decisions, notwithstanding whether or not they were related to
9 the daily business operations underlying the various wind energy development projects. For
10 example, investors were not consulted with or otherwise ever made aware of the various
11 commission agreements executed with GREEN, ROTHMAN, MAG T, RLGMAN and STABLE as
12 described below. Investors were not consulted with regard to the hiring of key personnel. Further,
13 MAZUR and WILLIAMS never consulted with investors before deciding to change the terms
14 related to how investors were going to be compensated.

15 45. The offering materials set forth that the managing venturers’ (MWTT, MRER)
16 ability to manage the joint venture(s) is “predominantly dependent upon the managing venturers’
17 directors and principal executive officers [MAZUR and WILLIAMS].”

18 46. The following description of MAZUR is included within the offering materials:

19 “Mr. Mazur is one of the premier specialists in building wind energy
20 companies which endeavor to accomplish timely completion schedules as well
21 as maximize Project revenues. Mr. Mazur is the foremost authority on the
22 diversified application of Magnetic Levitation Technology or Maglev. At 60,
23 Mr. Mazur’s philosophy for good health and success is focused on moderation
24 and prevention. His solution for limiting the unabated used (sic) of fossil
25 fuels, which is the scourge and double edged sword for mankind, rises in the
26 form of Wind Power with Maglev. Mr. Mazur has researched variable
renewable energy sources since 1981 and has established a proven maglev
wind power generation model based on kinetic energy of which the major
components are wind and speed. Mr. Mazur has also qualified maglev wind
power applications for the transportation industries to include automotive

(leisure and commercial), marine, aircraft (fixed wing and rotary) and autonomous freight vehicles (AFV). Mr. Mazur's unparalleled knowledge of the diversified renewable energy markets and extreme engineering industries and the location of the most desirable wind/solar energy properties will maximize Project Production Revenues. The management and consulting team has hundreds of years of combined experience in related fields of expertise and experience."

47. The following description of WILLIAMS is included within the offering materials:

"Mr. Ron Williams has 25 years of innovative sales, management, and marketing experience in financial database consulting, and unique consumer products related to magnetic field fuel enhancement for diesel, and gasoline combustion engines. Mr Williams has been Ed Mazur's "right hand" man in research, development, and financing for the Regenedyne Turbine project over the last 6 years. Mr. Williams brings an insightful management perspective for the direction the company must pursue in addition to collaborating the selection process of Regenedyne's professional team. Mr. Williams will primarily handle the operational management of the company."

48. Investors had no significant knowledge related to the wind energy development business and did not possess the requisite business knowledge and experience to select an appropriate managing venturer to replace either MWTT or MRER to manage the day-to-day business operations.

49. As a result, the more than 250 investors widely dispersed across the United States were entirely dependent upon the alleged expertise of MAZUR and WILLIAMS and their unique, specialized knowledge with regard to the wind energy development projects and were unable to effectively exercise any of the managerial powers and authority allegedly conferred upon them as set forth in the offering materials.

C. COMMISSION AGREEMENTS

50. On or about July 9, 2007, MAZUR, on behalf of MWTT, entered into an agreement titled "Employment Agreement" with GREEN and ROTHMAN, on behalf of STABLE. Pursuant to the terms of the agreement, STABLE, through GREEN and ROTHMAN, agreed to "... provide such investor relation services with regard to certain capital introduction opportunities with

1 investors. The services may include various types of financial arrangements, including directing
2 investment by the investors into the company.”

3 51. In exchange for the services to be provided by STABLE, through GREEN and
4 ROTHMAN, MAZUR, on behalf of MWTT, agreed to compensate STABLE 50 percent of any
5 funds invested with MWTT.

6 52. In a July 9, 2007, addendum to the above agreement, MAZUR, on behalf of MWTT,
7 agreed to pay additional compensation to GREEN and ROTHMAN in the form of a share of the net
8 profits received upon the sale of wind turbines. Pursuant to the addendum, GREEN and
9 ROTHMAN would be entitled to receive an amount equal to the amount raised by them multiplied
10 by a certain rate of return calculated based upon the net profit earned from the sale of wind
11 turbines. A sample calculation set forth in the addendum, based upon projected figures and
12 contingent on the sale of wind turbines, results in GREEN and ROTHMAN together being entitled
13 to receive \$125 million from MWTT. The addendum also contemplates GREEN and ROTHMAN
14 being compensated in the event no wind turbines are sold, but revenue is instead generated from the
15 sale of electricity. In this scenario and according to the terms contained in the addendum, GREEN
16 and ROTHMAN would be entitled to receive one percent of quarterly sales revenue. Finally the
17 addendum to the agreement requires that GREEN and ROTHMAN be compensated if “this joint
18 venture” becomes involved “in a public arena.”

19 53. On or about August 1, 2008, MAZUR as CEO and WILLIAMS, both on behalf of
20 MWTT, entered into a subsequent agreement setting forth the compensation to be paid to GREEN
21 and ROTHMAN related to the sale of the “Gigawatt Maglev Turbine.”

22 54. Pursuant to the terms contained in the August 1, 2008, agreement, GREEN and
23 ROTHMAN would receive, in addition to the compensation payable to them pursuant to the July 9,
24 2007, agreement and addendum, a share of the net profits from the sale of the “Gigawatt Maglev
25 Wind Turbine.” A sample calculation set forth in the August 1, 2008, agreement, based upon
26

1 projected figures and contingent upon there being sales of the "Gigawatt Maglev Wind Turbine,"
2 results in GREEN and ROTHMAN together being entitled to receive \$125 million.

3 55. Unlike the July 9, 2007, agreement and addendum, the August 1, 2008, agreement
4 sets forth that GREEN and ROTHMAN would be compensated a share of [gross] profits from the
5 sale of the "Megawatt Turbines." This additional calculation of compensation to be paid to
6 GREEN and ROTHMAN is based upon them being treated as though they had purchased interests
7 in one of the joint ventures. A sample calculation based on certain projected revenues results in a
8 projected payment to GREEN and ROTHMAN each of \$3,125,000 per quarter.

9 56. Similar to the July 9, 2007, agreement and addendum, the August 1, 2008,
10 agreement contemplates GREEN and ROTHMAN being compensated in the event no wind
11 turbines are sold, but revenue is instead generated from the sale of electricity. In this event,
12 GREEN and ROTHMAN would be entitled to receive one percent of quarterly sales revenue. The
13 August 1, 2008, agreement also requires that GREEN and ROTHMAN be compensated if "this
14 joint venture or MWTT" becomes involved "in the public arena."

15 57. Finally, the August 1, 2008, agreement requires that GREEN and ROTHMAN be
16 compensated if there is a change in control or ownership of MWTT and/or if MAZUR sells
17 substantially all of his ownership interest or otherwise relinquishes control of MWTT.

18 58. On January 25, 2010, in an addendum to the August 1, 2008, agreement, MAZUR
19 and WILLIAMS, on behalf of all maglev wind turbine companies or corporations owned by them,
20 agreed with GREEN and ROTHMAN to pay additional compensation to GREEN and ROTHMAN.
21 Pursuant to the January 25, 2010 addendum, GREEN and ROTHMAN would receive "10% of all
22 capitol (sic) raised thru their [GREEN and ROTHMAN] effort or contact." In addition, GREEN
23 and ROTHMAN would receive a five percent ownership interest in any maglev wind turbine
24 company or corporation owned by MAZUR or WILLIAMS.

25 59. In yet another agreement requiring compensation to be paid to GREEN and
26 ROTHMAN, on August 21, 2009, WILLIAMS, on behalf of MWTT, agreed with GREEN and

1 ROTHMAN to compensate MAG T and RLGMAN together one half of one percent of all amounts
2 raised by GREEN and ROTHMAN from investors.

3 60. The above agreements and addendums do not clearly specify to which joint venture
4 they are applicable.

5 61. Beginning in or around October 2007 and continuing to at least January 2010 and
6 pursuant to some or all of the agreements set forth above, MAZUR and WILLIAMS through
7 MWTT, MRER, RED and RES, paid GREEN, ROTHMAN, MAG T, RLGMAN and STABLE at
8 least \$7,800,000 in sales commissions.

9 62. Respondents failed to inform investors that MAZUR, WILLIAMS, MWTT, MRER,
10 RED and RES would use funds received from investors to pay sales commissions to GREEN,
11 ROTHMAN, MAG T, RLGMAN and STABLE in an amount totaling at least \$7,800,000 or
12 approximately 62 percent of the total amount invested.

13 **IV. VIOLATION OF A.R.S. § 44-1841**

14 **(Offer or Sale of Unregistered Securities)**

15 63. From at least June 2007, Respondents offered or sold securities in the form of
16 investment contracts, within or from Arizona.

17 64. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
18 Securities Act.

19 65. This conduct violates A.R.S. § 44-1841.

20 **V. VIOLATION OF A.R.S. § 44-1842**

21 **(Transactions by Unregistered Dealers or Salesmen)**

22 66. Respondents offered or sold securities within or from Arizona while not registered as
23 dealers or salesmen pursuant to Article 9 of the Securities Act.

24 67. This conduct violates A.R.S. § 44-1842.

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VI. VIOLATION OF A.R.S. § 44-1991**(Fraud in Connection with the Offer or Sale of Securities)**

68. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) Respondents represented to investors how investment funds were going to be used while failing to disclose to investors that at least \$7,800,000 of the funds received from investors would be used by MAZUR, WILLIAMS, MWTT, MRER, RED and RES to pay sales commissions to GREEN, ROTHMAN, MAG T, RLGMAN and STABLE pursuant to the terms outlined in the above-described commission agreements;

b) Respondents represented to investors how profits were going to be used and ownership interests were going to be allocated while failing to disclose to investors that agreements had been executed calling for GREEN, ROTHMAN, MAG T, RLGMAN and STABLE to receive a percentage of ownership and profits in the various joint ventures;

c) Respondents represented to investors how investment funds were going to be used while failing to disclose to investors that \$1,815,069 of the funds received from investors would be used to make interest payments to investors;

d) Respondents failed to inform investors that they would have to rely entirely upon the alleged expertise of MAZUR and WILLIAMS and their unique, specialized knowledge with regard to the wind energy development projects and would be effectively unable to exercise any of the managerial powers and authority allegedly conferred upon them as set forth in the offering materials.

69. This conduct violates A.R.S. § 44-1991.

70. MAZUR and WILLIAMS directly or indirectly controlled entities within the meaning of A.R.S. § 44-1999, including MWTT, MRER, RED and RES. Therefore, MAZUR and WILLIAMS are jointly and severally liable under A.R.S. § 44-1999 to the same extent as MWTT, MRER, RED and RES for their violations of A.R.S. § 44-1991.

71. GREEN and ROTHMAN directly or indirectly controlled MAG T, RLGMAN and STABLE within the meaning of A.R.S. § 44-1999. Therefore, GREEN and ROTHMAN are jointly and severally liable under A.R.S. § 44-1999 to the same extent as MAG T, RLGMAN and STABLE for their violations of A.R.S. § 44-1991.

VII. REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order that the marital communities of Respondents and Respondent Spouses be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and
5. Order any other relief that the Commission deems appropriate.

VIII. HEARING OPPORTUNITY

Each respondent, including Respondent Spouses, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity

1 for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona
2 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may
3 be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web
4 site at <http://www.azcc.gov/divisions/hearings/docket.asp>. Additional information about the
5 administrative action procedure may be found at
6 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

7 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin
8 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the
9 parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission
10 may, without a hearing, enter an order granting the relief requested by the Division in this Notice of
11 Opportunity for Hearing.

12 Persons with a disability may request a reasonable accommodation such as a sign language
13 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
14 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
15 Requests should be made as early as possible to allow time to arrange the accommodation.

16 IX. ANSWER REQUIREMENT

17 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,
18 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
19 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
20 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
21 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site
22 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

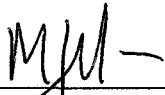
23 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
24 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
25 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
26 addressed to William W. Black.

1 The Answer shall contain an admission or denial of each allegation in this Notice and the
2 original signature of the answering respondent or respondent's attorney. A statement of a lack of
3 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
4 denied shall be considered admitted.

5 When the answering respondent intends in good faith to deny only a part or a qualification
6 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
7 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

8 The officer presiding over the hearing may grant relief from the requirement to file an
9 Answer for good cause shown.

10 Dated this 1 day of March, 2011.

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13 _____
14 Matthew J. Neubert
15 Director of Securities
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